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GENERAL ASSEMBLY

Push set for slots, video poker

Bars, restaurants, lodges could benefit

By **Grace Schneider**
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The Courier-Journal

Hoosiers can roll the dice and play slots at casinos, buy lottery tickets at their favorite gas station and bet on horse racing.

Now a tavern owners' trade group is gearing up to make a renewed legislative push this year to give gamblers another choice — slots and video poker machines at bars, restaurants and fraternal organization lodges.

A 2003 study for the bar owners' group — the Indiana Licensed Beverage Association — estimated that allowing machines at 3,500 locations could generate \$300million in tax revenue for state and local governments.

The concept has gained the most support in northeastern Indiana, where gambling on illegal machines is said to be booming.

Sponsors of the legislation will be Rep. Win Moses, D-Fort Wayne, and Sen. Bob Meeks, a LaGrange Republican and former state police trooper who has long supported legalization.

While many lawmakers question whether the state needs more gambling, supporters believe the legalization has gained momentum because an Indiana Excise Police crackdown begun two years ago has failed to eradicate the illegal industry.

In a series two years ago, The Courier-Journal documented how millions of dollars are gambled each year on illegal machines such as Cherry Masters, which flourish in bars, convenience stores and truck stops, often with little interference from local law enforcement and prosecutors.

Both states responded with raids starting in early 2005 that led to fines for dozens of Hoosier bar owners and a few criminal prosecutions of Kentucky truck stop operators.

The upshot in Indiana has been a Prohibition-like underground industry, where an estimated 25,000 illegal machines have popped up in convenience stores, bait shops and trailers — beyond the reach of the excise police, who monitor only the sale of alcohol and tobacco.

"There's a growing awareness that the crackdown ... has really had a boomerang effect, an unintended consequence," said David Long, the Republican Senate president pro tem from Fort Wayne. "These things are popping up everywhere. I don't think we can any longer ignore this growing problem with illegal gambling."

The state could toughen the law and try to eliminate the machines or legalize them. But doing nothing isn't acceptable, Long said.

"Some counties do not have them, and many of those legislators say legalizing them would be a huge expansion of gambling," Long said. "In other counties like mine, we see them all over and we consider it a problem that needs to be addressed."

An excise police sweep in the summer of 2005 in the Jasper area resulted in a \$500 fine for the owners of Mac-A-Doo's Out of Bounds, a bar south of downtown.

That persuaded owner Jim Bounds to get rid of his machines and to support legalization with other licensed-beverage association members.

The revenue would help the state and small businesses if the winnings are divided fairly, Bounds said in an interview last week.

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His business made money from the three machines, he said, but once they were removed the patrons who played them stopped coming by and so did their friends.

"Not only do you lose the money (made) off the machines, you lose 10 or 15 or 20 customers that don't come anymore" to buy food and drink, Bounds said.

The licensed beverage group's leaders held a series of public meetings last fall to rally members and refine lobbying plans for this winter.

Their message — as detailed extensively on a Web page, indianalba.com/gaming/ — is that patchwork enforcement hasn't worked.

Instead, they say, restricting, taxing and regulating the machines is a more practical solution. Their proliferation hasn't cut the soaring slot-machine revenues at Indiana's casinos, so that indicates there's more than enough business to go around, said Brad Klopfenstein, the beverage group's executive director.

Anti-gambling forces oppose any additional gambling, particularly a measure that would make "the whole state of Indiana one big casino," said Lorin Clementz, coordinator of the Indiana Coalition against Legalized Gambling.

Studies elsewhere have shown that putting gambling devices in close proximity to people who struggle with addiction only worsens their problems, Clementz said.

Meeks, who is chairman of the Senate Appropriations Committee, believes that legalizing the machines is better than the uncontrolled industry that exists now. He supports linking all machines to a central computer system under the Indiana Gaming Commission, which is responsible for regulating the state's 11 casinos and charitable gaming.

The commission hasn't taken a position on the legalization and won't, said Ernest Yelton, its executive director.

Alex Huskey, superintendent of the Indiana Excise Police, said local prosecutors haven't enforced laws on the books against such gambling. So enforcement has been left to the excise police, he said.

"We've always taken the position if they decided to legalize them, fine," he said. "Do it. Let's get on with it."

Some Southern Indiana lawmakers aren't sure there's significant support for the bill.

Rep. Bill Cochran, a veteran Democrat from New Albany, said fellow lawmakers are justifiably worried about creating hundreds of miniature casinos.

Rep. Jerry Denbo, D-French Lick, who led the legislative push to open the state's newest casino in Orange County, also is skeptical.

Said Denbo: "I don't think it's going to go far."

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